

Statement to the United States House
Subcommittee on Agriculture – Livestock and Horticulture
Sioux Center, Iowa
July 31, 2006

Good Morning Congressmen,

My name is Matt Schuiteman. I am a family farmer from Sioux Center, Iowa. I grow corn and soybeans in rotation while producing pork from farrow-to-finish. I farm with my father, Leon, and my grandfather, Art Schuiteman. I am the 5th generation of Schuitemans to farm our land. I currently serve my church congregation as the Chairman of the Deacons and the Iowa Farm Bureau Federation as the state Young Farmer Chairman. Thank you for this opportunity to share my thoughts on the 2007 farm bill.

The capital intensive nature of agriculture is perhaps the greatest challenge facing young farmers. Tractors and combines can easily exceed \$250,000. Even used equipment is very expensive. Iowa State University reported in December of 2005 that the average value of farm land in northwestern Iowa is approximately \$3,400 per acre. I know of instances where land has sold for more than \$5,000 per acre. Because land is a limited natural resource, farmers will continue to compete in the free market for these assets. Also, as long as agriculture rewards producers with narrow margins of profit on high volumes of production, farmers will always seek new innovations in technology to maximize productive capacity. Modern technology and land are expensive, so producers must expand their farm to harness economies of scale.

Young farmers, having little equity at an early stage in their career, usually seek rental arrangements as the preferred method to expand their farm. However, farm bill payments eventually get bid into cash rents. In the long run, a cash renter is usually

indifferent as to what level of support is provided by the farm bill, because land rents always adjust accordingly.

Young farmers could benefit from tax incentives given to landowners willing to lease farmland to a beginning farmer. These incentives should encourage the landowner to share the farm bill's safety net with the renter rather than capitalize all its benefit in rental rates. Eliminating capital gains taxes for the transfer of farmland, between parents and their sons or daughters, would also benefit young farmers. My grandfather might consider selling his land to my father, but with capital gains taxation he is left with little choice but to hold on to the land until he passes.

The key to unlocking farm profits for all Iowa farmers, young or otherwise, is to gain further access to value added processes in agriculture. For instance, recent growth in the renewable fuels industry has brought about investment opportunities for our farmers. I recently invested in a local ethanol plant. Farmers were once content to rent small "footprints" of ground to utility companies for wind turbines, now they are investors. Livestock production is vital to young farmers and the profitability of our growing renewable fuels industry. I raise hogs to add value to the corn and soybean crops that I grow. I am sure there are many other innovative examples of farmers successfully engaging in value added ventures.

Being engaged in the value added process requires investment, but investments are usually risky. The next farm bill should extend the concepts of the current bill's rural development and energy titles. The "Value Added Producer Grant" program and "Section 9006 Renewable Energy and Energy Efficiency", programs have been great avenues for Iowa farmers to improve farm profitability.

Young farmers would likely agree that the perfect vision of agriculture would include a “level playing field” or a “chance to compete in open markets” where there are no such things as tariff barriers, export subsidies, currency manipulations and perhaps, even without domestic subsidies. This seems like the perfect goal for the 21st century. However, the reality is, this concept has yet to materialize.

Trade ambassadors representing the United States recently laid a bold proposal before our partners in the World Trade Organization. Last Monday (July 24th), it became apparent that our trading partners are not yet comfortable competing with American farmers on a level playing field. I can see absolutely no benefit to any farmer in Iowa or the United States by moving away from farm policy that has largely worked to smooth the ebbs and flows in commodity prices without receiving proportionate gains in world market access and material gains in net farm income. Our negotiating position in the WTO can only be weakened if we unilaterally depart from current farm policy.

Until WTO negotiations yield real market access and material gains in net farm income we continue to need an effective safety net that provides support in times of low income. Iowa farmers firmly believe that this safety net should be consistent with our international trade obligations as spelled out in the current WTO agreement. To be clear, I feel that the next farm bill should extend concepts of the Farm Security and Rural Investment Act of 2002 until a new WTO agreement is reached.

I am optimistic about the future of agriculture in our great state. All farmers would rather rely less on government programs and increasingly more on strong markets. Recent growth in renewable energy markets is strengthening rural Iowa one community at a time. Perhaps the renewable energy industry and other innovative opportunities to

participate in the value added process will take us more toward a vision of agriculture where markets provide ample profit opportunities. Until that occurs, the safety net provided by the current farm bill is a necessity.

On behalf of myself, my family, and young farmers all across Iowa, thank you for the opportunity to address your panel.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Matt Schuiteman
Address: 957 20th Street SE
Telephone: (712) 722-3272
Organization you represent (if any): Self

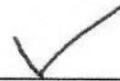
1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: NA Amount: NA
Source: NA Amount: NA

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: NA Amount: NA
Source: NA Amount: NA

Please check here if this form is NOT applicable to you:



Signature: Matt Schuiteman

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Matt Schuiteman Biography

I am a fifth generation family farmer from Sioux Center, IA. My wife, Minde, and I live on a century family farm just outside of Sioux Center with our three kids, Micah, Marshall, and Miles. We are involved in a farming operation with my dad, Leon, and grandfather, Art Schuiteman. We raise corn, soybeans, and have a farrow to finish swine operation. Minde and I have both been very active in organizations that represent production agriculture. We are currently serving our third year on the Iowa Farm Bureau Federation State Young Farmer Committee, on which I am serving as the chairman for the next year. We are also active in our church and the community. We believe in the future of agriculture, and we hope to carve out a prosperous operation for ourselves and our family.